

NSC BRIEFING

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SHEPILOV'S TOUR

1. While in Cairo, first stop on his present Near East tour, Soviet foreign minister Shepilov reportedly made Nasser a number of specific offers of economic assistance. These include:

A. A bid to build the Aswan High Dam in 10 years and to provide \$400,000,000 in credit for this project, repayable in 50 years.

B. An offer to cancel Egypt's debt for Soviet Bloc arms already delivered.

C. An offer to buy Egypt's total cotton exports, paying in sterling.

D. An offer to build a steel mill, as well as other factories Egypt might desire, on very favorable terms.

2. All reports agree that Nasser has not yet accepted any of these offers, but is taking them under advisement while he examines their implications for Egypt and for Egypt's future relations with the West. If Nasser should accept--and the "no strings" cancellation of Egypt's arms debt is particularly attractive--a likely occasion would be his forthcoming visit to Moscow (tentatively August).

A. The Egyptians appear to be somewhat concerned over the impact of Shepilov's visit on the East. Shepilov took the occasion of the Cairo celebration (marking departure of the last British troops from Egyptian soil) to lash at the "imperialists" and warn against the machinations of oil "monopolists." This line was somewhat out of tune with Nasser's remarks, emphasized the need to "get to work" now that the victory over "imperialism" had been won.

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3. Syria's president Qawatli--who has accepted Shepilov's invitation to visit Moscow--greeted his visitor with what amounted to an invitation to make a clear Soviet policy statement of support for the Arabs against Israel. However, Shepilov, in reply, spoke only of support for "just Arab causes" and, as in Egypt, refrained from mentioning Israel or the Arab-Israeli situation in specific terms.

A. Syrian press reports claim that "trade and aid" agenda items include rail and refinery construction, and the expansion of trade in Syrian cotton, wheat and other products.

4. Shepilov arrived in Lebanon on 28 June. Before his arrival, both President Chamoun and the Lebanese foreign minister reaffirmed their resistance to Soviet blandishments, but stated their fears of what Shepilov might have for them in his briefcase.

A. The Lebanese, like other more conservative Arab leaders, feel that a good Soviet offer is hard to turn down because of the public impression that the USSR stands with the Arabs against Israel.

5. Shepilov will make his last stop (28-30 June) in Athens. The Greek government expects him to offer "something in the economic and cultural fields", as well as support on the Cyprus issue. The Greeks are attempting to keep Shepilov at arm's length: they have emphasized the unofficial nature of his visit and rebuffed a Soviet suggestion that Shepilov lay a wreath on the tomb of Greece's unknown soldier.

A. Greece, like Egypt however, cannot dispose of its surplus products--such as tobacco and bauxite--on free World markets and thus is vulnerable to Soviet purchase offers.

6. Shepilov may not pick up any new signatures on the dotted line during this tour, but the effect is still there.

A. Egypt has been brought closer to alignment with the Soviet Union.

B. New pressure has been applied to the governments in the area